

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

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FM USMISSION BERLIN

TO SECSTATE WASHDC 2573

AMEMBASSY BONN

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL BREMEN

AMCONSUL DUESSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

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E.O. 11652: N/A

TAGS: ETRN, PGOV, WB, GW

SUB: BEA STATEMENT ON IGS PASSENGER FARE INCREASES

REF: BONN 15498

1. BEA'S DIRECTOR FOR GERMANY (CARO) ISSUED PRESS RELEASE AFTERNOON OF OCTOBER 25 REFERRING TO TAGESSPIEGEL ARTICLE ON REQUEST FOR IGS FARE INCREASE AND OUTLINING ECONOMIC JUSTIFICATIONS FOR SUCH A REQUEST. CARO CITED OVERALL BEA OPERATING-COST INCREASE OF 14 PERCENT SINCE LAST FARE HIKE (DECEMBER 1972) AND FOLLOWING SPECIFIC INCREASES: FUEL, 22 PERCENT; PERSONNEL, 15 PERCENT; HANDLING FEES 20 PERCENT; RENT, 15 PERCENT. WHILE SPECIFIC MAGNITUDE OF A PROPOSED FARE INCREASE NOT STATED EXPLICITLY, CARO GAVE AS FURTHER JUSTIFICATION OF HIKE FACT THAT "EVEN AT AN INCREASE OF 10 PERCENT" IGS FARES WOULD REMAIN 18 PERCENT LOWER THAN COMPARABLE FRG DOMESTIC

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FARES AND WOULD HARDLY BE HIGHER THAN 1952 IGS FARES. HE FURTHER

STATED THAT IT IS BEA'S CONSIDERED VIEW THAT 10 PERCENT INCREASE WOULD NOT DIVERT SIGNIFICANTLY MORE TRAFFIC TO ROAD TRAVEL. OTHER ALLIED AIRLINES ARE SAID TO BE SUBJECT TO SAME COST INCREASES AND TO BE "ALSO CONSIDERING A FARE INCREASE," THUS INDICATING AT LEAST BY IMPLICATION THAT ACTUAL APPLICATION FOR INCREASE SUBMITTED ONLY BY BEA.

2. IN ADDITION TO BEA RELEASE, LOCAL PRESS QUOTES SENAT SPOKESMAN AS STATING THAT ALLIED AIR ATTACHES HAD REQUESTED FURTHER INFORMATION CONCERNING APPLICATION AND THAT PRESUMABLY SENAT AND BONN WOULD BE CONSULTED REGARDING APPLICATION IN NORMAL WAY. BERLIN CDU CHAIRMAN LUMMER REPORTEDLY CALLED REQUEST INAPPROPRIATE AND INADVISABLE, RAISING THE DANGER OF A FURTHER DECREASE IN PASSENGERS.

3. COMMENT: WE BELIEVE BEA COST FIGURES REQUIRE CLOSE SCRUTINY. ONLY INCREASE THUS FAR IN RENTS FOR TEMPELHOF FACILITIES WAS ANTICIPATED AND CITED AS JUSTIFICATION FOR LAST FARE INCREASE AND THUS SHOULD NOT BE USED AGAIN. INCREASE IN HANDLING FEES WOULD HAVE TO BE AT FRG AIRPORTS, AS BEA DOES WORK ITSELF AND IS NOT CHARGED SUCH FEES AT TEMPELHOF. FACT THAT BEA NOW SEEMS INTENT ON PURSUING FARE INCREASE WOULD SEEM TO DETRACT FROM SERIOUSNESS OF THREAT TO WITHDRAW COMPLETELY FROM IGS.KLEIN

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